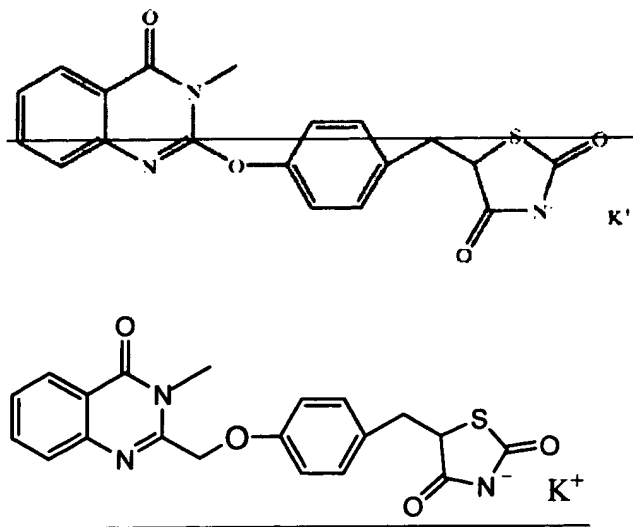


What is claimed is:

16. (currently amended) A crystalline ~~form~~ Form of 5-[4-[[3-methyl-4-oxo-3,4-dihydroquinazolin-2-yl]methoxy]benzyl]thiazolidine-2,4-dione potassium salt having the formula:



and having differential scanning calorimetry endotherms at 296.24 and 307.64° C., a small exotherm at 164.23° C., and an exotherm at 291.90° C.

17. (currently amended) The crystalline ~~form~~ Form of claim 16, having an infrared absorption spectrum in a potassium bromide pellet with peaks at 507.4, 564.1, 612.7, 699.7, 778.9, 810.1, 1038.9, 1223.8, 1314.2, 1426, 1466, 1510.7, 1580.9, 1667.8, and 3432.4 cm⁻¹.

18. (currently amended) The crystalline ~~form~~ Form of claim 16, having an X-ray diffraction pattern with peaks at 2θ angles 6.20, 9.34, 12.16, 12.48, 15.06, 18.26, 18.80, 24.02, 24.46, 26.70, 27.02, 27.48, and 30.86 degrees.

19. (currently amended) A process for preparing the crystalline ~~form~~ Form of claim 16, comprising:

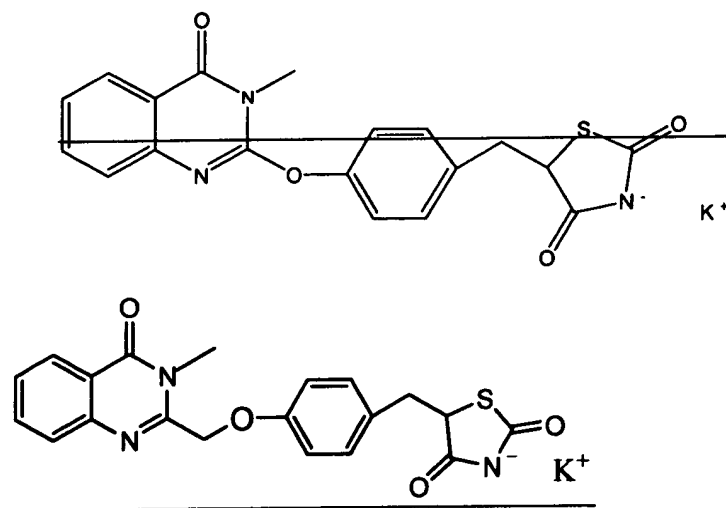
(i) dissolving 5-[4-[[3-methyl-4-oxo-3,4-dihydroquinazolin-2-yl]methoxy]benzyl]thiazolidine-2,4-dione in a mixture of ~~acetonitrile and xylene~~ organic solvents;

(ii) at room temperature, adding potassium tertiary butoxide dissolved in methanol to the solution of step (i);

(iii) cooling the reaction mixture to room temperature,

(vi) recovering the crystalline form of 5-[4-[[3-methyl-4-oxo-3,4-dihydroquinazolin-2-yl]methoxy]benzyl]thiazolidine-2,4-dione potassium salt.

20. (currently amended) A crystalline ~~form~~ Form-I of 5-[4-[[3-methyl-4-oxo-3,4-dihydroquinazolin-2-yl]methoxy]benzyl]thiazolidine-2,4-dione potassium salt, having the formula:



and having differential scanning calorimetry endotherms at 301.17 and 311.82°C, and an exotherm at 297.68°C.

21. (currently amended) The crystalline ~~form~~ Form-I of claim 20, having an infrared absorption spectrum in a potassium bromide pellet with peaks at 503.9, 559.7, 609.7, 658.8, 609.7, 701.3, 772.9, 809.7, 1035.7, 1058.4, 1271.9, 1329.7, 1378.5, 1426, 1477.6, 1511.8, 1591.5, 1675.4, 1861.9, 3039.1, and 3442.9 cm^{-1} .

22. (currently amended) The crystalline ~~form~~ Form-I of claim 20, having an X-ray diffraction pattern with peaks at 2θ angles 6.44, 7.42,

23 (currently amended) A process for preparing the crystalline ~~form~~ Form-I of claim 20 comprising:

(i) dissolving 5-[4-[[3-methyl-4-oxo-3,4-dihydroquinazolin-2-yl]methoxy]benzyl]thiazolidine-2,4-dione in an organic solvent, and heating to a temperature of about 60-80° 60-75° C.;

(ii) at a temperature of ~~40-60°~~ 40-55° C., adding potassium tertiary butoxide dissolved in an organic solvent to the solution of step (i);

(iii) cooling the reaction mixture to room temperature; and

(iv) recovering the crystalline form of 5-[4-[[3-methyl-4-oxo-3,4-dihydroquinazolin-2-yl]methoxy]benzyl]thiazolidine-2,4-dione potassium salt.

24. (currently amended) The process as claimed in claim 23, wherein ~~an~~ the organic solvent of step (i) is selected from methanol, a mixture of methanol and xylene, a mixture of acetone and xylene, ethanol, isopropanol, ethyl acetate, diethyl ketone, and methyl isobutyl ketone.

25. (currently amended) A process for preparing the crystalline ~~form~~ Form-I of claim 20, having differential scanning calorimetry endotherms at 301.17 and 311.82°C, and an exotherm at 297.68°C, comprising:

(i) dissolving 5-[4-[[3-methyl-4-oxo-3,4-dihydroquinazolin-2-yl]methoxy]benzyl]thiazolidine-2,4-dione in an organic solvent, at room temperature;

(ii) at room temperature, adding potassium tertiary butoxide dissolved in an organic solvent to the solution of step (i); and

(iii) recovering the crystalline form of 5-[4-[[3-methyl-4-oxo-3,4-dihydroquinazolin-2-yl]methoxy]benzyl]thiazolidine-2,4-dione potassium salt.

26. (currently amended) The process of claim 25, wherein the organic solvent of step (i) is selected from dimethylformamide, 1,4-dioxane, or a mixture of 1,4-dioxane and xylene.

27. (currently amended) A process for preparing the crystalline ~~form~~ Form-I of claim 20, having differential scanning calorimetry endotherms at 301.17 and 311.82°C, and an exotherm at 297.68°C, comprising:

(i) dissolving 5-[4-[[3-methyl-4-oxo-3,4-dihydroquinazolin-2-yl]methoxy]benzyl]thiazolidine-2,4-dione potassium salt in dimethylsulfoxide with heating to a temperature about 50-80° C.;

(ii) storing the solution at room temperature for about 1-8 weeks; and

(iii) recovering the crystalline form of 5-[4-[[3-methyl-4-oxo-3,4-dihydroquinazolin-2-yl]methoxy]benzyl]thiazolidine-2,4-dione potassium salt.

28. (currently amended) A pharmaceutical composition comprising the crystalline ~~form~~ Form of claim 16 and a pharmaceutically acceptable carrier, diluent, excipient or solvate.

29. (previously presented) The pharmaceutical composition of claim 28 in the form of a tablet, capsule, powder, syrup, solution, or suspension.

30. (previously presented) A method of treating or preventing diabetes or diabetic complications, comprising administering the composition of claim 28.

31. (currently amended) A pharmaceutical composition comprising the crystalline ~~form~~ Form-I of claim 20 and a pharmaceutically acceptable carrier, diluent, excipient or solvate.

32. (previously presented) The pharmaceutical composition of claim 31 in the form of a tablet, capsule, powder, syrup, solution, or suspension.

33. (previously presented) A method of treating or preventing diabetes or diabetic complications, comprising administering the composition of claim 31.